



Palo Alto
Division



Menlo Park
Division



Livermore
Division

VA Palo Alto Health Care System



San Jose
Clinic



Monterey
Clinic



Stockton
Clinic



Modesto
Clinic



Capitola
Clinic



Sonora
Clinic

DRAFT NATIONAL CARES PLAN

VISN 21's South Coast CARES Market

September 2003



Draft National CARES Plan

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CARES Overview

Many of you have heard the term CARES; however, what exactly does the term mean?

CARES = Capital Asset Realignment for Enhanced Services

The CARES initiative is a comprehensive planning process that will evaluate future demand for veterans health care services (2012 and 2022) against existing supply and will realign VHA assets efficiently and equitably resulting in improved access to health care services for veterans

VA has identified the following CARES' goals and objectives:

- ☐ **Less infrastructure to maintain**
- ☐ **Shift resources to direct patient care**
- ☐ **Realign infrastructure and redirect resources to support the geographic regions of the US where the veteran population exists and where patients are expected to migrate**
- ☐ **Improve access to outpatient services**
- ☐ **Shift resources from inpatient care to outpatient services e.g. outpatient surgery centers and home care activities**

CARES Phases and Timeline

The CARES process has been subdivided into the following 9-steps:

- ❑ **Step 1: Develop Markets (completed for VISN 21)**
- ❑ **Step 2: Analysis of Needs**
- ❑ **Step 3: Identify Planning Initiatives**
- ❑ **Step 4: Develop Market Plans**
- ❑ **Step 5: Undersecretary of Health Reviews and Evaluates Market Plans**
- ❑ **Step 6: CARES Commission to Review Market Plans**
- ❑ **Step 7: Secretary's Decision**
- ❑ **Step 8: Implementation Process**
- ❑ **Step 9: Integration into Strategic Planning Cycle**



Revised CARES Timetable

Addressing the Challenges

Timeline	Capital Asset Realignment for Enhanced Services - Phase II
Jun-02	Rollout of CARES Phase II
September-02	National CARES Program Office (NCPO) and VISNs receive demand data and other inputs for Planning Initiative (PI) identification
November-02	NCPO identifies and finalizes PIs with VISNs
May-03	VISNs complete and submit Market Plans
June-03	Under Secretary Roswell requests further study and realignment of 20 sites nationwide
July-03	CARES Commission visits the South Coast CARES Market and tours PAD, MPD and LVD
August-03	NCPO publishes "Draft" National CARES plan
October-03	CARES Hearing for VISN 21 at Palo Alto Division (October 1st) CARES Hearing for VISN 21 at Sacramento (October 2nd)
December-03	Secretary's Decision "Final" National CARES Plan Secretary will have 3 options: accept, reject or return to Commission
Unknown	Congress may pass bill which would allow 60 day review
TBD	Following acceptance, VA will develop an implementation plan (anticipated 10-yr time horizon)



Draft National CARES Plan

The Draft National CARES Plan is a complex 20-year roadmap, which plans for the current and future healthcare needs of veterans

❑ **CARES Plan Overview:**

- ❖ Proposes new hospitals in Orlando & Las Vegas; replacement hospital in Denver
- ❖ Recommends extensive VA/DoD partnerships (21 high priority collaborations)
- ❖ Improves Ambulatory Care access (48 high priority CBOCs)
- ❖ Establishes New Blind and Spinal Cord Centers (24-bed Blind Center Long-Beach; 30 SCI LRC beds in Long-Beach)
- ❖ Recommends numerous hospital realignments and closures
- ❖ Reduces vacant space and underutilized buildings (\$3.6M GSF of vacant space)
- ❖ Improves acute hospital access (72 to 84 percent)
- ❖ Enhances collaboration with VBA and VCA (6 – VBA and 9 NCA)



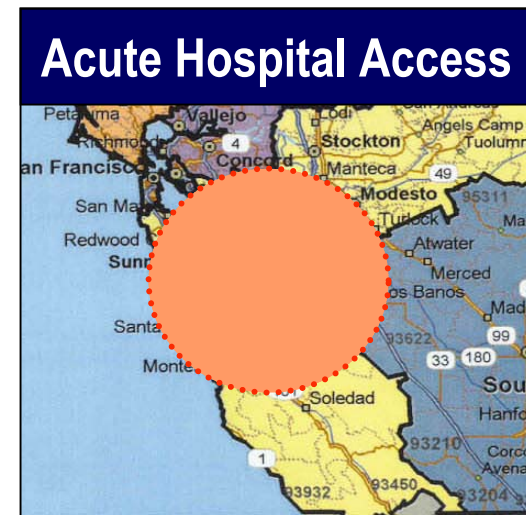
Draft National CARES Plan (South Coast CARES Market)

Addressing the Challenges

- ❑ **Access – Acute Hospital:**
 - ❖ South Coast market will contract locally to meet demand and improve access
- ❑ **Campus Realignment:**
 - ❖ Proposal to relocate Livermore Division services to other VA and community facilities
- ❑ **Proximity:**
 - ❖ Proposal to consolidate a number of clinical and administrative services between Palo Alto and San Francisco
- ❑ **Outpatient Services:**
 - ❖ Although VISN 21 recommended 10 new CBOCs, only 2 are high priority and fall within the South Coast market
- ❑ **Inpatient Services:**
 - ❖ Surgery: proposal would reduce the South Coast surgical beds by 2022 to meet anticipated demand
 - ❖ Psychiatry: proposal would reduce acute psychiatric beds by 2022 to meet anticipated demand
- ❑ **Nursing Home Replacement:**
 - ❖ Proposal would construct a new nursing home at Menlo Park Division
- ❑ **Seismic Correction:**
 - ❖ Proposal would fund seismic correction projects within the South Coast market requiring an estimated \$92M
- ❑ **VA/DoD Collaboration:**
 - ❖ Proposal would evaluate a VA/DoD outpatient joint venture site in Monterey

The South Coast Market Area will utilize fee basis contracts to improve acute hospital access

- ❑ **Issue:** South Coast Market Acute Inpatient Hospital Access Shortfall (53% meet acute hospital access standards)
- ❑ **Draft National CARES Plan Access Proposal:**
 - ❖ Continue to develop and maintain fee basis contacts with local community hospitals in outlying counties
 - Monterey County
 - San Joaquin County
 - Tuolumne County
 - ❖ After incorporating the acute care fee basis planning initiatives into the data base, acute care hospital access increased from 53% to 79%



The Draft National CARES Plan recommends realigning the services currently located at the Livermore Division to enhance access

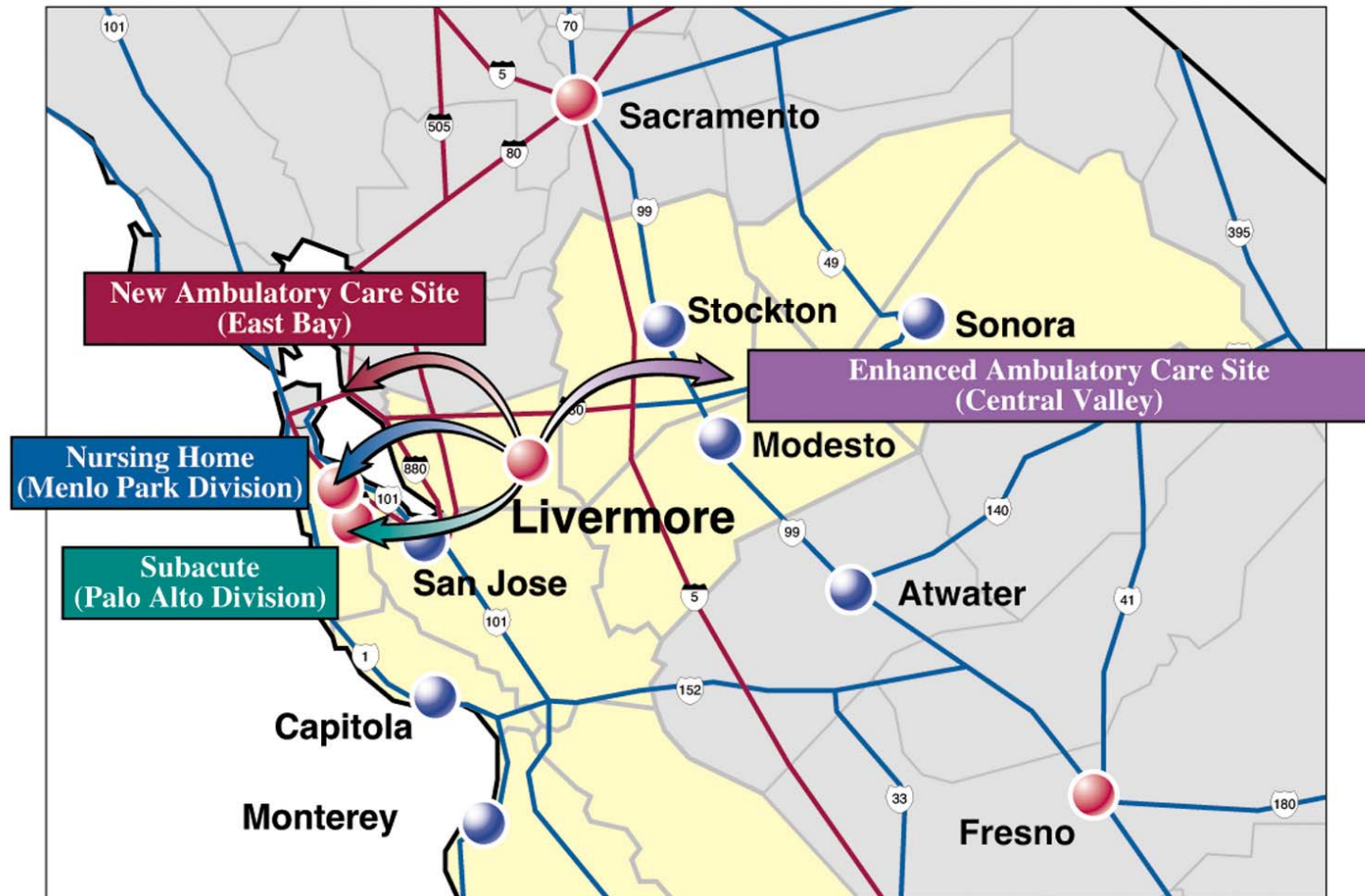
- ❑ **Open two (2) large Community Based Outpatient Clinics in the South Coast CARES Market to improve access to ambulatory care services**
 - ❖ Central Valley CBOC: Enhance the existing provision of care in the Valley
 - ❖ East Bay CBOC: Improve access by locating a new CBOC in the East Bay near mass transit and interstate freeway
- ❑ **Consolidate Nursing Home Services**
 - ❖ Relocate 80 of the 120 Nursing Home Care Unit (NHCU) beds from Livermore to a new 200-bed Menlo Park NHCU
 - ❖ Relocate the remaining 40 NHCU beds to the Community – closer to veterans' local communities (eg Stockton or Modesto)
- ❑ **Consolidate Sub-acute Services**
 - ❖ Relocate the 30 sub-acute beds from Livermore to an empty ward at Palo Alto

South Coast CARES Market

Livermore Division Realignment Diagram

Addressing the Challenges

Proposed Realignment of Livermore Division's Programs



Palo Alto and San Francisco tertiary care proximity Planning Initiative (PI) would generate savings through enhanced collaboration

- ❑ **Overview:** The National CARES Program Office (NCPO) identified 18 markets that had 2 or more VA tertiary care facilities within 120 miles of each other
- ❑ VISN 21 was identified (VA Palo Alto Health Care System and San Francisco VA Medical Center)
- ❑ **Three Options were Evaluated:**
 - ✓ Status quo
 - ✓ Maintain only one (1) facility
 - ✓ Cost effective consolidations
- ❑ **Draft National CARES Plan Recommendation:**
 - ✓ Implement cost effective consolidations of clinical and administrative activities



South Coast CARES Market

Proposed Consolidations

Addressing the Challenges

Services Consolidated to Palo Alto	
Administrative	Clinical
Warehousing	LTC for Dementia and Neurobehavioral Problems including Substance Abuse
Disposal of GVT Property	Electro Convulsive Therapy (ECT)
Recycle Program	LTC for Chronically Mentally Ill
Grounds	Specific Laboratory Testing
Transportation	
Prosthetics Purchasing	
IRMS Help Desk	
Police Training	

Services Consolidated to San Francisco	
Administrative	Clinical
Reproduction	Parkinson's Disease and Epilepsy Surgery
HR - Classification	Brain Mapping
	Portions of Neurosurgery including Stereotactic Radiosurgery (including Gamma Knife)
	Brain Stem Auditory Evoked Responses
	Somato Sensory Evoked Potentials
	All Surgery Requiring Intra-operative Spinal Cord and Root Monitoring
	Electronystagmographs
	Brachytherapy for Prostate Cancer
	Endovascular Embolism of AVM
	Mohs Surgery
	Portions of Radiology including Neuroradiology
	All Dental Surgery including Dental Implantology
	Specific Laboratory Testing

South Coast CARES Market should anticipate a 64% increase in primary care and an 87% increase in specialty care demand (FY01 vs FY12)

- ❑ **CARES' actuaries anticipate increasing demand for primary and specialty care services in all six VISN 21 CARES markets**
- ❑ **The Draft National CARES Plan recommends 48 high priority CBOCs and identified two (2) CBOCs for VISN 21's South Coast CARES Market**
 - ❖ New CBOC in the East Bay
 - ❖ Enhanced CBOC in the Central Valley
 - ❖ Both CBOCs are considered high priority in that they will meet the outpatient requirements associated with the realignment of Livermore
- ❑ **While VISN 21 submitted 10 new CBOC proposals, they were not considered within the "high implementation category" at this time**
- ❑ **"Specialty care demand will be accomplished through new construction, renovation and leases"**

Addressing the Challenges

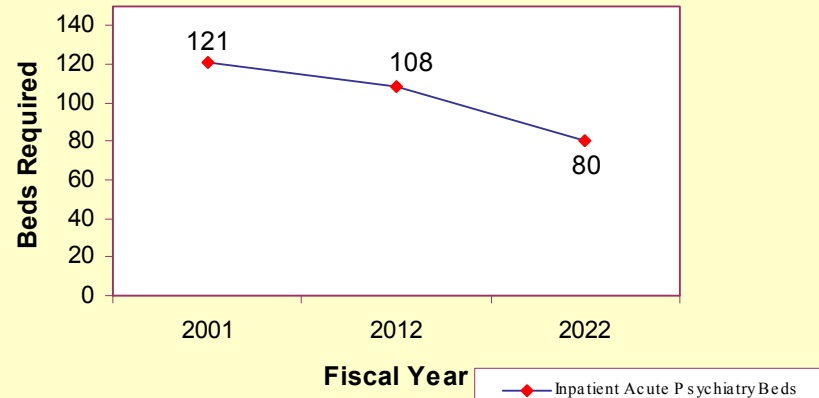
Acute Psychiatry Beds

- ❑ 80% of VISN 21's acute psychiatric care is provided within the South Coast Market
- ❑ Actuarial projections anticipate a 41-bed decline for the South Coast Market (FY01 vs. FY22)
- ❑ South Coast Market has planned capital projects to support 80 psychiatric beds

Acute Surgical Beds

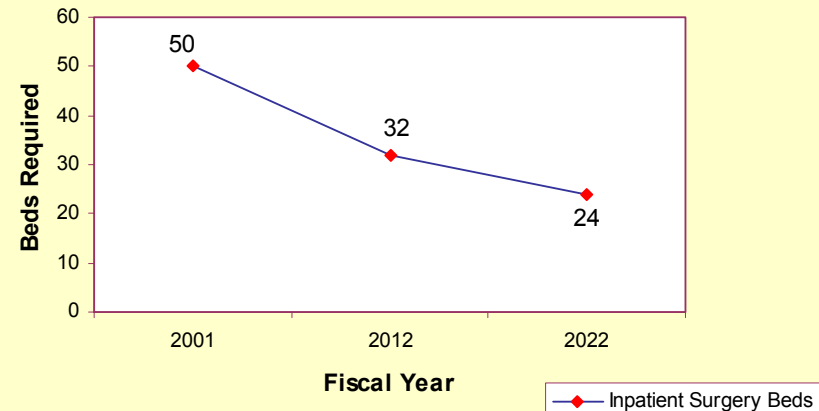
- ❑ OR procedures continue to increase (3,300 FY00 vs. 3,612 FY02)
- ❑ Outpatient surgery is expected to increase through 2022
- ❑ Inpatient surgery is expected to decrease through 2022
- ❑ Length of stay (LOS) is expected to decrease through 2022

South Coast Market
(Inpatient Acute Psychiatry Bed Projections)



Source: CARES' Actuary

South Coast Market
(Inpatient Surgery Bed Projections)



Source: CARES' Actuary

South Coast CARES Market

Nursing Home Replacement Proposal

Addressing the Challenges

“The majority of Nursing Home Care capital investments in the CARES Market Plans are proposed based on low Condition Scores”

Type of Investment	Number of Facilities	Activation Years	Square Footage	Total Cost Estimate
New Construction	12	2004 - 2012	854,267 GSF	\$191,595,461
Convert Vacant Space	1	2003	15,100 GSF	\$1,933,361
Renovations	24	2005 - 2016	747,548 GSF	\$57,391,543
Enhanced Use Lease	1	2004	95,000 GSF	Not Available
Total	38	2003 - 2016	1,711,915 GSF	\$250,920,365

New Construction	
VISN 3	St Albans
VISN 3	Castle Point
VISN 5	Perry Point
VISN 6	Beckley
VISN 10	Cleveland - Wade Park
VISN 19	Denver
VISN 20	American Lake
VISN 20	Walla Walla
VISN 21	Menlo Park
VISN 22	Las Vegas
VISN 22	West LA
VISN 23	Des Moines

South Coast CARES Market

Seismic Correction Proposal

Addressing the Challenges

“The VA Secretary has made seismic strengthening a priority to assure the safety of our infrastructure in high-risk areas of the county”

VISN	Parent Facility	Market Name	Seismic Correction Estimate
8	San Juan	Puerto Rico	\$85,000,000
19	Fort Harrison	Montana	\$15,600,000
20	American Lake	Western Washington	\$21,840,000
20	Portland	South Cascades	\$49,680,000
20	Roseburg	South Cascades	\$17,000,000
20	White City	South Cascades	Realignment Study
20	Seattle	Western Washington	\$16,960,000
20	Walla Walla	Inland North	\$5,700,000
21	Fresno	South Valley	\$12,000,000
21	Palo Alto	South Coast	\$91,925,000
21	San Francisco	North Coast	\$92,619,000
22	Long Beach	California	\$39,000,000
22	San Diego	California	\$49,100,000
22	West LA	California	\$64,400,000
Total			\$560,824,000

❑ **Research Proposal**

- ❖ With a \$44 million annual research budget, the South Coast CARES Market manages the 3rd largest research program in VA
- ❖ The South Coast CARES Market Plan recommended seismic correction of existing research buildings (bldg 4), consolidate all research activities to PAD, raze seismically deficient research buildings (Bldgs 205/301) and construct a new ambulatory care/research complex at PAD

❑ **VA/DoD Collaboration Proposal**

- ❖ The VA and DoD continue high level discussions regarding collaboration in Monterey
- ❖ Draft National Cares Plan recommended, “working with DoD on joint ventures for both inpatient and outpatient care in Monterey”

❑ **Enhanced-Use Lease (E-UL) Proposal**

- ❖ The Draft National CARES Plan identified Palo Alto and Menlo Park as potential E-UL opportunities
- ❖ The proposed Livermore realignment would eventually lead to E-UL opportunities

❑ **Vacant Space Proposal**

- ❖ The South Coast CARES Market will raze a number of building located at Menlo Park (Bldg 137, 205, 301) and sell excess modular buildings located at Palo Alto



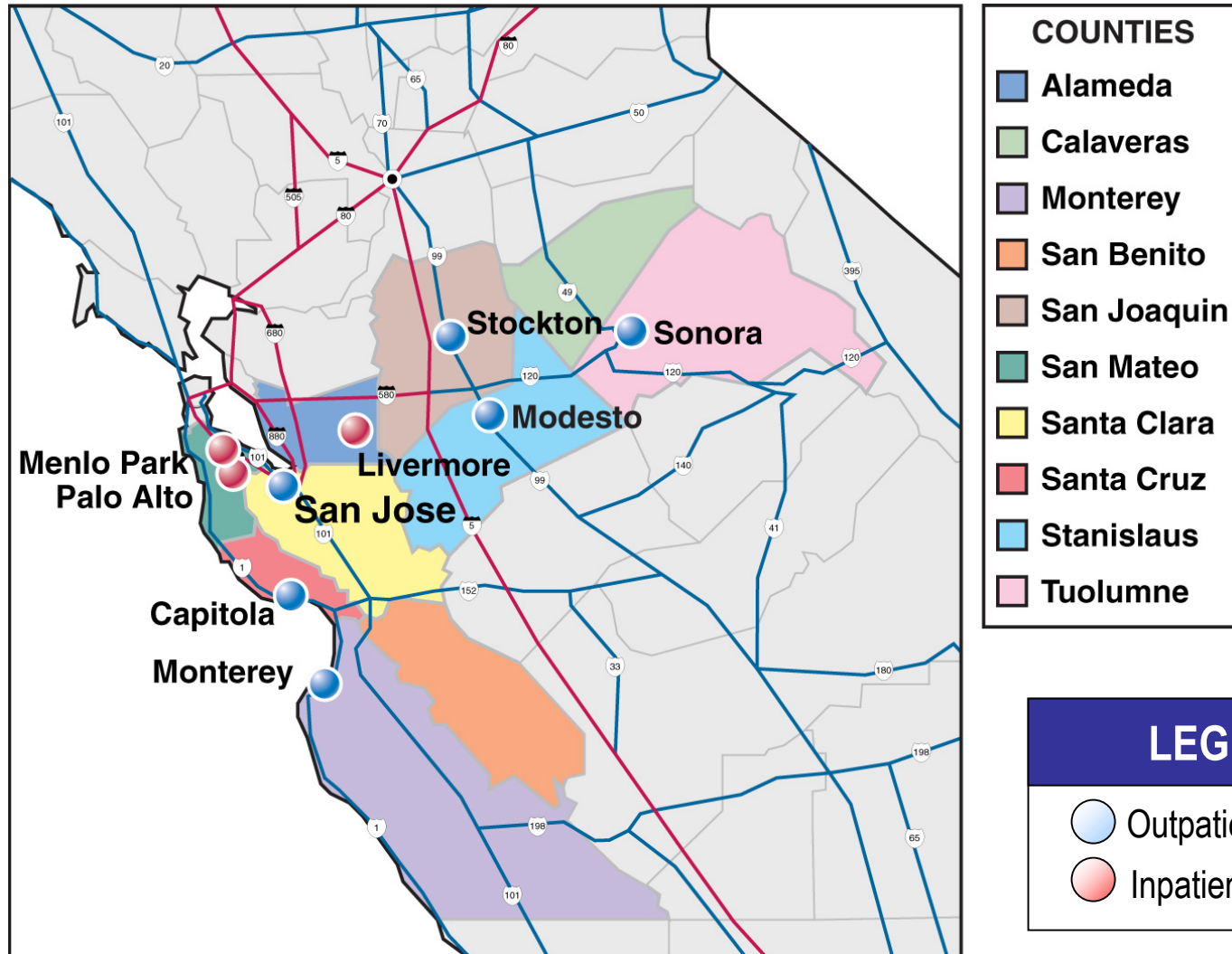
South Coast Market Area Next Steps

CARES Phase II market planning is nearing the end of a 2-year process to transform the delivery healthcare to our nation's veterans

❑ Final initiatives include:

- ❖ Obtain comments from constituents
- ❖ CARES Commission hearings - October 2003
- ❖ Secretary's Decision – December 2003
- ❖ Preliminary development of a national CARES implementation plan

Addressing the Challenges



LEGEND

- Outpatient Clinic
- Inpatient Facility

South Coast Market Area (VA Palo Alto Health Care System)

